

## Message Text

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13-12  
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SUBJ: 1976-1980 FIVE YEAR PLAN (FYP)

1. SUMMARY: ON JULY 2 ROMANIAN GRAND NATIONAL ASSEMBLY APPROVED FYP LAW WHICH APPEARS IN SCINTEIA OF JULY 3. COMPARISON OF LAW WITH CEAUSESCU SPEECH TO CONGRESS OF PEOPLES' COUNCILS IN FEBRUARY SHOWS THAT GOR EXPECTATIONS FOR THIS FYP HAVE BEEN REDUCED. IN MOST CASES, GOALS GIVEN IN TERMS OF A RANGE, WITH MAXIMUM VALUE GENERALLY SAME AS SINGLE VALUE GIVEN IN FEBRUARY. END SUMMARY.

2. FYP LAW ADOPTED JULY 2 SCALES DOWN GOR'S AMBITIOUS GOALS FOR 1976-1980 BY ALLOWING FOR A RANGE IN MOST GOALS OF OVER-ALL ECONOMIC INDICATORS. IN ALL BUT FOUR CASES, TOP OF RANGE SAME AS SINGLE FUGURE ANNOUNCED IN FEBRUARY. EXECPTIONS: A) AGRICULTURAL PRODUCTION GOAL REMAINS SAME AS FEBRUARY, B) SINGLE VALUE GIVEN FOR INVESTMENTS UNCHANGED, C) FOREIGN TRADE SHOWS SHARP INCREASE (TO 90-101 PERCENT GROWTH), AND D) GROWTH OF SEFVICE SECTOR SHARPLY REDUCTED.

3. COMPARED TO ACHIEVEMENTS OF 1971-1975, PLANNED PER-  
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CENTAGE INCREASES IN MAJOR ECONOMIC INDICATORS ARE ALL

LOWER EXCEPT FOR AGRICULTURAL PRODUCTION (UP FROM 125.4 PERCENT INCREASE IN 1971-1975 TO PLANNED 128-144 PERCENT), INVESTMENTS (FROM 168.3 PERCENT TO PLANNED 183.4 PERCENT), AND INDUSTRIAL LABOR PRODUCTIVITY (FROM 142 PERCENT TO 150-153.8 PERCENT).

4. FOLLOWING IS LIST OF PLANNED PRODUCTION INCREASES FOR INDUSTRIAL SECTORS:

PERCENT (QOIP VS 1975)	
ELECTRIC AND THERMAL ENERGY	138-145
FUELS	139-149
METALLURGY	173-181
MACHINE BUILDING AND METAL WORKING	175-181
CHEMICALS	203-215
CONSTRUCTION MATERIALS	154-161
WOOD PROCESSING	125-132
LIGHT INDUSTRY	QRUAQTW
FOOD INDUSTRY	145-155

5. WHILE ANNUAL RATE OF INDUSTRIAL GROWTH BEING REDUCED FROM 13.0 PERCENT PER YEAR ACHIEVED IN 1971-1975 TO PLANNED 10.2-11.2 PERCENT IN THIS FYP, GROWTH IS BEING RESTRUCTURED. BIG THREE (CHEMICALS, MACHINE-BUILDING, AND METALLURGY) RETAIN PRIORITY. BUT MACHINE-BUILDING, EASY LEADER IN LAST FYP AT 233 PERCENT GROWTH, WILL BE SLOWED IN FAVOR OF STEPPED-UP RATES IN METALLURGY AND FUELS. OTHER REDUCTIONS IN GROWTH RATES HIT ELECTRIC AND THERMAL ENERGY, WOOD PROCESSING, AND LIGHT INDUSTRY.

6. INVESTMENTS WILL CONTINUE TO ABSORB 33-34 PERCENT OF NATIONAL INCOME, TALLING ONE BILLION LEI FOR FIVE YEAR PERIOD. INDUSTRY'S SHARE OF INVESTMENT PIE WILL INCREASE FROM 50 PERCENT (1971-1975) TO 58 PERCENT AT EXPENSE OF APARTMENT CONSTRUCTION AND AGRICULTURE.

7. COMMENT: DURING ENTIRE HISTORY OF 1971-1975 FYP FORMULATION AND IN FOUR INCARNATIONS OF CURRENT FYP (DIRECTIVES OF XI PARTY CONGRESS, CC PLENUM OF JULY 1975, CEAUSESCU SPEECH TO CONGRESS OF PEOPLES' COUNCILS, AND NOW FYP LAW) THIS IS FIRST SCALING DOWN OF GOALS. LIMITED OFFICIAL USE

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NONETHELESS, ROMANIA'S HOT PACE OF INDUSTRIALIZATION WILL ONLY BE SLIGHTLY COOLED. INDUSTRY AND ESPECIALLY AGRICULTURE ARE BEING CALLED ON TO DO MORE WITH LESS BY INCREASING LABOR PRODUCTIVITY. AGRICULTURE IS TO DOUBLE ITS RECORD HIGH GROWTH RATE OF 1971-1975, WITH TARGETS FOR AVERAGE PRODUCTION OVER FIVE YEAR PERIOD FOR PRINCIPAL PRODUCTS AT UPPER END OF MOST WESTERN ESTIMATES FOR MAXIMUM PRODUCTION POSSIBLE BY 1980. GOAL FOR FROWTH

IN TOTAL FOREIGN TRADE TURNOVER FOR 1976-1980 HAS BEEN RAISED FROM 79 PERCENT GROWTH TO 90-101 PERCENT. POLICY LEVEL OFFICIAL OF STATE PLANNING COMMITTEE CITED THREE FACTORS: 1) LOWER BASE, 2) INFLATION, AND 3) GREATER ACTUAL VOLUME. FOREIGN TRADE PLAN FOR 1975 WAS NOT FULFILLED; THEREFORE, PERCENTAGE INCREASES CALCULATED ON BASIS OF AVERAGE TRADE LEVEL FOR 1971-1975 PERIOD HAD TO BE INCREASED TO YIELD SAME ABSOLUTE LEVEL AS PREVIOUSLY FORECAST. FORMER PERCENTAGES HAD BEEN GIVEN ON THE BASIS OF CONSTANT PRICES WITH 1973 AS BASE YEAR; REVISED PERCENTAGES USE 1976 PRICE LEVELS. SINCE FEBRUARY, TRADE PLAN ITSELF HAS BEEN RAISED, IMPORTS TO INCREASE IN INVESTMENT GOODS, AND EXPORTS IN MACHINERY AND CHEMICAL PRODUCTS.

8. WE ATTRIBUTE DROP IN GROWTH OF ENERGY PRODUCTION TO REALIZATION THAT, WITH EXCEPTION OF RIUL MARE-RETEZAT HYDROELECTRIC PLANT PROJECT, EXPLOITATION OF ROMANIA'S RIVERS FOR POWER GENERATION IS REACHING END OF LINE. ROMANIA'S COAL RESERVES ARE TOO POOR TO PICK UP SLACK, IN SPITE OF PLANNED LARGE INCREASES IN MINING. CUTBACKS IN WOOD PROCESSING, EXCEPT FOR WOOD FURNITURE, ARE CLEAR DEMONSTRATION OF GOR SUPPORT FOR 30 YEAR COMPREHENSIVE PLAN FOR PROTECTION OF ROMANIAN FOREST RESOURCES. THROTTLING OF LIGHT INDUSTRY HAD BEEN EXPECTED IN WAKE OF 16 PERCENT OVER-FULFILLMENT OF PLAN AND ACCUMULATION OF UNSALABLE INVENTORIES.

9. WHILE CONSUMERS WILL AS USUAL RECEIVE A LESSER SHARE OF GROWTH IN ROMANIAN ECONOMY, PLANNED INCREASE OF 18-22 PERCENT IN TOTAL REAL REMUNERATION AND 45-47.5 PERCENT RISE IN TOTAL DOMESTIC RETAIL SALES AT LEAST HOLDS OUT PROSPECT FOR STEADY, IF NOT SPECACULAR INCREASE IN LIVING STANDARDS. LIMITED OFFICIAL USE

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MUCH OF THIS ADDITIONAL INCOME WILL, HOWEVER, BE DIRECTED INTO HOUSING, WHERE TWICE AS MUCH APARTMENT CONSTRUCTION WILL BE FINANCED WITH PERSONAL FUNDS. IT REMAINS TO BE SEEN WHETHER RECENTLY-CREATED COUNCIL FOR COORDINATION OF CONSUMER GOODS PRODUCTION WILL MAKE MEANINGFUL CONTRIBUTION TO ATTAINMENT OF THESE QUANTITATIVE TARGETS AND TO QUALITATIVE IMPROVEMENT IN GOODS OFFERED TO CONSUMER. ON BASIS OF PAST TRACK RECORD THERE IS AMPLE BASIS FOR SKEPTICISM. SCISSORS

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